

Message Text

CONFIDENTIAL

PAGE 01 STATE 052818

64

ORIGIN SS-25

INFO OCT-01 ISO-00 /026 R

DRAFTED BY EB TOENDERS:BH

APPROVED BY EB:TOENDERS

S/S-O:ASHANKLE

----- 100411

P 092158Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY BRUSSELS PRIORITY

C O N F I D E N T I A L STATE 052818

EXDIS

E.O. 11652:GDS

TAGS: ENERG

SUBJECT: MESSAGE FOR DAVIGNON

1. PLEASE PASS FOLLOWING MESSAGE FROM ENDERS TO DAVIGNON.
 2. PLAY OF YOUR PRESS STATEMENT ON FRIDAY SHOWS PROBLEMS THAT CAN ARISE IN ABSENCE OF AGREED NOMENCLATURE TO DESCRIBE THE ALTERNATIVE SOURCES POLICY WE ARE COMING UP WITH. TERM OIL SAFETY NET IS NOT RPT NOT FELICITOUS, SINCE WE ALREADY HAVE ONE OIL SAFETY NET (THE SHARING AGREEMENT) AND SINCE TERM DOES NOT CONVEY WHAT WE ARE DOING.
 3. SUGGEST THAT IN PLACE OF FLOOR PRICE TERM, WE ADOPT TERMINOLOGY OF "MINIMUM IMPORT PRICE FOR OIL". THIS WOULD BE EXPLAINED AS AGREED PRICE DESIGNED TO ENCOURAGE AND SAFEGUARD INVESTMENT IN THE BULK OF ALTERNATIVE ENERGY SOURCES IN IEA COUNTRIES. IEA MEMBERS WILL TAKE MEASURES OF THEIR OWN CHOOSING TO PREVENT IMPORTED OIL FROM COMPETING WITH DOMESTICALLY-PRODUCED ENERGY AT PRICES BELOW THE COMMON AGREED LEVEL. THE PURPOSE IS TO MAKE SURE THAT IEA COUNTRIES AS A GROUP PRODUCE ENOUGH ENERGY
- CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 052818

SO THAT IN THE FUTURE THEY WILL NO LONGER BE VULNERABLE

TO PRICE MANIPULATION AS THEY HAVE BEEN SINCE 1973. THIS
OF COURSE DOES NOT MEAN SELF-SUFFICIENCY, BUT

SUBSTANTIALLY REDUCED DEPENDENCE ON IMPORTED OIL.

4. WHEN ASKED HOW THIS TERM DIFFERS FROM THE FLOOR PRICE,
WE WOULD RESPOND AS YOU DID THAT THE NOTION OF A FLOOR
PRICE COULD BE MISINTERPRETED TO MEAN A GUARANTEED PRICE
FOR OPEC, AND ALSO MIGHT IMPLY SOME MECHANISM FOR
INTERVENING IN DOMESTIC ENERGY MARKETS IN ORDER TO
ASSURE A GIVEN LEVEL OF PRICES. MINIMUM PRICE CONCEPT
APPLIES ONLY TO IMPORTED OIL.

5. PLEASE LET ME KNOW WHETHER THIS APPROACH IS ACCEPTABLE
TO YOU. IF IT IS, I WOULD PROPOSE TO SET GOVERNING
BOARD OK NEXT MEETING.

6. IN ADDITION TO GETTING CONFIRMATION OF THE GOVERNING
BOARD TEXT, WE MUST NOW MAKE SURE THAT THE FRENCH ARE ON
BOARD. AT THEIR REQUEST, WE GAVE THE DRAFT GOVERNING
BOARD DOCUMENT TO THE FRENCH AS BOSWORTH TOLD YOU. YOU
WILL BE SURELY SEEING THEM AS WELL. WHAT I THINK WE
NEED IS SOME FAIRLY FORMAL WAY IN WHICH THE FRENCH COULD
SIGNIFY TO THE COMMUNITY, AND THE COMMUNITY THEN REPORT
TO THE IEA, THAT THEY WILL JOIN THE COMMUNITY IN
DEVELOPING AND APPLYING THE CONCEPTS AGREED IN THE
GOVERNING BOARD DECISION. PLEASE LET ME KNOW YOUR
THOUGHTS ON HOW SUCH A COMMITMENT COULD BE OBTAINED AS
EXPRESSED.

7. A FURTHER TASK OF THE NEXT GOVERNING BOARD WILL BE
TO MAKE FINAL AND ADOPT THE INSTRUCTIONS TO THE SLT ON
DEVELOPING THE ALTERNATIVE SOURCES DECISION. WE WILL
PROPOSE THAT THE COMPLETION OF THE SYSTEM, AND THE
TENTATIVE IDENTIFICATION OF A PRICE LEVEL WITHIN THE
SYSTEM BE STIPULATED AS REQUIREMENTS FOR THE "INTENSIVE
COORDINATION OF CONSUMER POSITIONS" CALLED FOR IN THE
DECEMBER 19/20 GOVERNING BOARD DECISION IN THE PHASE
FOLLOWING THE PREPCOM. OUR PROPOSAL WILL NOT ATTEMPT
TO PREJUDGE THE QUESTION OF WHETHER OR NOT THE AGREED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 052818

MINIMUM IMPORT PRICE SHOULD BE SUBJECT TO REVIEW IN THE
LIGHT OF THE PRODUCER/CONSUMER MEETING, BUT ONLY SPECIFY
THAT THIS QUESTION WILL HAVE TO BE ADDRESSED AND SETTLED
BEFORE THE CONFERENCE. PLEASE LET ME KNOW YOUR VIEWS
ON THESE SUBJECTS AS WELL.

9. ONCE AGAIN YOU DID A REMARKABLE JOB AT THE GOVERNING
BOARD MEETING. I THINK IT WOULD BE PARTICULARLY HELPFUL

IF YOU COULD TAKE SOME FURTHER SOUNDINGS WITH STOCKHOLM,
TO BRING THEM ON BEFORE THE NEXT MEETING. UNLESS YOU
SUGGEST OTHERWISE, WE WILL STAY AWAY FROM THE SWEDES OTHER
THAN TO INQUIRE TOWARDS THE END OF THE PERIOD AS TO WHERE

THEY ARE. WITH MUCH REGARD. INGERSOLL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, PETROLEUM, IMPORTS, POLICIES, DIPLOMATIC COMMUNICATIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 MAR 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE052818
Document Source: CORE
Document Unique ID: 00
Drafter: BH
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750082-1047
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750368/aaaacjki.tel
Line Count: 121
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2003 by ShawDG>; APPROVED <22 SEP 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MESSAGE FOR DAVIGNON
TAGS: ENRG, IEA
To: BRUSSELS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006